



**FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)
APPEAL DECISION**

FEMA Flood Insurance Appeal Decision #A9

OVERVIEW

The policyholders filed an appeal in July 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a flood event in May 2020.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$200,100 of building coverage.
- The insured property is a single-family, three-story dwelling with an unfinished basement.
- The policyholders notified the insurer of the flood loss and the insurer assigned an adjuster to inspect the property.
- The adjuster inspected the property in May 2020 and confirmed a general and temporary condition of flood existed. The adjuster measured a 21-inch exterior water line and an 80-inch interior water line. The adjuster noted flood water was limited to the basement.
- The adjuster observed cracks in the drywall, basement, and exterior foundation. The adjuster requested the insurer retain an engineer to inspect the property and determine the cause and extent of damages.
- The insurer retained an engineer to inspect the property.
- In June 2020, the engineer inspected the property and noted the interior cracks were caused by soil inundation. The engineer attributed the exterior foundation cracks to long-term drying shrinkage and differential movement of soil. The engineer concluded structural damages were not caused by this flood event.
- The insurer issued the policyholders payment totaling \$68,220.23 for covered building damage.
- In a letter dated August 2020, the insurer denied coverage for structural damages citing the earth movement exclusion.
- The policyholders appeal the insurer’s decision to deny coverage for structural damages and request coverage for their front porch.
- The policyholders provide no substantive documentation in support of their appeal; therefore, FEMA’s decision is based on the documentation in the claim file.

¹ See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

RULES

The SFIP pays for direct physical loss by or from flood to insured property, which must be evidenced by physical changes, provided the policyholders comply with all terms and conditions of the policy and furnish accurate information and statements.³

The SFIP does not insure loss to property caused directly by earth movement, even if earth movement is caused by flood. Examples of earth movement include land subsidence, sinkholes, destabilization or movement of land due to water accumulation, and gradual erosion.⁴

ANALYSIS

On appeal, the policyholders contest the denial of coverage for structural damages related to their front porch.

The insurer agrees to pay the policyholders for a direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP. The SFIP does not insure loss to property caused directly by earth movement, even if earth movement is caused.

Here, the engineer concluded the cracks in the interior and exterior of the dwelling were attributed to soil inundation and differential movement, which is a type of earth movement and not covered by the SFIP. The engineer also concluded that the recent movement of the entry porch and steps was due to soil inundation and not flood. The engineering report includes a United States Department of Agriculture soil survey for the county. The soil is rated as “very limited” for the construction of dwellings with a basement foundation. Soil rated as very limited unfavorably affects the load supporting capacity without movement, such as depth to a water table, ponding, flooding, subsidence, shrink and swell potential, and compressibility. Additionally, when this type of soil gets wet, it decreases its bearing capacity for keeping a stable load.

FEMA’s review finds that the soil survey supports the engineer’s finding of long-term differential settlement, which was likely due to flood-induced soil subsidence or movement of poorly compacted backfill material. The policyholders did not include countervailing evidence with this appeal, such as an opposing engineering report or any other documentation supporting the claim that the front porch was damaged directly by or from this flood event. For these reasons, FEMA’s review finds the insurer properly denied coverage for structural damages related to the front porch.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer’s decision to deny coverage for the front porch.

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (V)(C).

